

June 14, 2013

To: Executive Board

Subject: **MANAGEMENT SERVICES SUBCOMMITTEE REPORT**

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### **Report and Recommendations**

On May 24, 2013, the Executive Board directed the Management Services Subcommittee to negotiate a revision to the scope of the Management Services Agreement ("MSA") with Veolia Transportation Services, Inc. ("Veolia"), to eliminate the management functions but retain Transit Store services (Transit Store Operations Manager and staff) and Facilities services (Facilities Supervisor and staff) (the "Proposed Amendment"). It was recommended that the Proposed Amendment be negotiated to take effect for the next fiscal year beginning July 1, 2013; that an employment agreement with the Executive Director become effective July 1, 2013, or upon the earlier termination of his employment by Veolia; and that Foothill Transit employ a new in-house management team beginning July 1, 2013.

The subcommittee and Veolia have negotiated such an agreement as a Fourth Amendment to the MSA (Attachment A.). The amendment includes a new Scope of Services for the MSA, a new compensation figure for the revised scope, and compensation for Veolia's agreement to release the Executive Director and management staff early and incur the expenses and lost profits of early termination.

Veolia has approved and executed the Fourth Amendment, and your subcommittee recommends that the Executive Board approve the Fourth Amendment and authorize its execution by the Chair.

Sincerely,

Carol Herrera  
Subcommittee Member

Paula Lantz  
Subcommittee Member

**ATTACHMENT A**



**FOURTH AMENDMENT  
to  
MANAGEMENT SERVICES AGREEMENT  
for the  
Management of Foothill Transit  
with  
VEOLIA TRANSPORTATION SERVICES, INC.  
dated  
May 7, 2008**

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**Effective Date: June 14, 2013**

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**FOURTH AMENDMENT  
to  
MANAGEMENT SERVICES AGREEMENT  
for the  
Management of Foothill Transit**

**1. Parties and Date.**

This Fourth Amendment to the Management Services Agreement dated May 7, 2008, is made and entered into as of June 14, 2013, by and between **Foothill Transit**, a joint powers agency organized under the laws of the State of California with its principal place of business at 100 South Vincent Avenue, Suite 200, West Covina, California 91790-2944 ("Foothill Transit") and **Veolia Transportation Services, Inc.**, a transportation management firm with its principal place of business at 2015 Spring Road, Suite 750, Oak Brook, Illinois 60523-1811 ("Veolia" or "Consultant"). Foothill Transit and Consultant are sometimes individually referred to as a "Party" and collectively as "Parties."

**2. Recitals.**

2.1. The Parties entered into a Management Services Agreement dated May 7, 2008, which was amended by a First Amendment dated May 28, 2010, a Second Amendment dated June 25, 2011, and a Third Amendment dated May 25, 2012 (collectively, "the Agreement"), whereby Consultant provides all management services for Foothill Transit.

2.2. The Parties desire to amend the Agreement to redefine the Scope of Services and provide funding for those services as provided herein. The negotiation of this amendment was authorized by the Foothill Transit Executive Board on May 24, 2013.

2.3. In consideration of these Recitals and the performance by the Parties of the promises, covenants, and conditions herein contained, the Parties agree as provided in this Agreement.

**3. Modifications to Terms.**

3.1. Scope of Services and Term.

3.1.1. General Scope of Services.

Exhibit A to the Agreement, which describes the Scope of Services together with its Attachment 1, is amended as provided in Exhibit A to this Fourth amendment. Exhibit B to the Agreement, which describes the employees to be engaged by Veolia to effectuate the Scope of Services, is amended as provided in the Exhibit B to this Fourth amendment.

### **3.5. Personnel Transition**

In recognition of the outstanding service provided by Doran Barnes, Executive Director, over the past many years, and a desire on the part of Foothill Transit to continue his service to Foothill Transit, Consultant agrees to amend its employment agreement with the Executive Director to release him from his current employment with the Consultant effective on the effective date of this Fourth Amendment (or as the parties may otherwise agree) and further agrees that the Executive Director may be directly employed by Foothill Transit after that date. Consultant further agrees that Foothill Transit may, upon execution of this Fourth Amendment, solicit Consultant's employees currently employed in connection with this Agreement and who do not fill positions described in Exhibits A and B, for direct employment by Foothill Transit after June 30, 2013. Solicitation includes all acts necessary or convenient to the commencement of an employment relationship with Foothill Transit on July 1, 2013.

## **4. Modifications to Fees and Payments.**

### **4.1. Compensation.**

#### **4.1.1. Annual Base Amounts and Monthly Installments**

The amount of the monthly payment of this contract commencing in the sixth year (July 1, 2013–June 30, 2014) shall be \$167,679.

#### **4.1.2. Fees Related to Early Termination in Part of Consultant's Management Responsibilities**

In consideration of accepting 15 days' notice in lieu of the 90 days' notice required by the Agreement, Foothill Transit agrees to pay to Consultant a one-time payment of \$250,000, representing lost overhead and profit on management responsibilities terminated by this Fourth Amendment for the 75-day period of early termination of part of the Consultant's responsibilities under this Agreement.

## **5. Reaffirmation of Other Terms.**

Except as modified or changed herein, all of the terms and provisions of the Agreement shall remain in full force and effect.

[Continued on page 3.]

6. Execution

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

FOOTHILL TRANSIT

By: \_\_\_\_\_  
Doug Tessitor  
Chair

ATTEST:

Sachi A. Hamai, Executive Officer  
Los Angeles County Board of Supervisors

By: \_\_\_\_\_  
Deputy Secretary

Approved as to Form:  
Darold D. Pieper, Attorney at Law

By: \_\_\_\_\_  
Darold Pieper  
General Counsel

VEOLIA TRANSPORTATION SERVICES,  
INC.

By: \_\_\_\_\_  
Kenneth P. Westbrook  
President and  
Chief Operating Officer

*Approved as to Form:*  
*John B. Moldaver*  
*EVP + General Counsel*

## **Exhibit A**

### **Scope of Services**

: Consultant's administrative and operational management oversight of Foothill Transit shall be reduced and limited to the following summary of services:

- Operational services
  - Transit Store operations
  - Bus stop maintenance operations (supplemental to city or county programs)

These services shall be provided consistent with the "Management Approach" and "Management of All Functional Responsibilities" descriptions incorporated as Attachment 1 to this Exhibit A.

Foothill Transit will provide or reimburse the cost of all equipment and supplies used by Contractor in providing the Operational Services identified above.

Foothill Transit will provide the Contractor with the appropriate office space for the Contractor's Transit Stores manager at no cost to Contractor.

Contractor agrees to provide additional consulting services to Foothill Transit from time to time as requested by Foothill Transit on a fee for services basis to be determined by subsequent agreement of the parties.

## **Attachment 1**

### **Management of Operational Responsibilities**

#### **Management Approach**

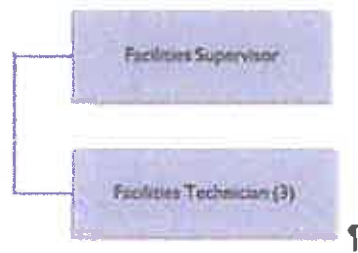
The key to the continued delivery of these premium transit services lies in the both the leadership of the Executive Board and the historically innovative management of the agency provided by Consultant. A close working relationship, clearly communicated expectations, and strong management oversight are the primary tools for determining continued success.

#### **Facilities Operations**

**Facilities Operations** are responsible for the proper maintenance of all agency owned facilities and the installation and upkeep of Foothill Transit's bus stop signage.

#### **Organization**

The organizational chart for Facilities Operations is shown below.



#### ***Functional Responsibilities***

The primary responsibilities of each position in Facilities Operations are as follows:

**Facilities Supervisor** – Responsible for managing the distribution of Bus Books to outlets, Transit Stores, contractors and distribution centers. Supervise staff and perform related duties as required.

**Facilities Technician** – Responsible for monitoring the cleanliness of Foothill Transit's bus stops; installation and replacement of bus stop signs; monitor and ensure maintenance and upkeep of Foothill Transit's non-revenue vehicles assigned to the administrative office.

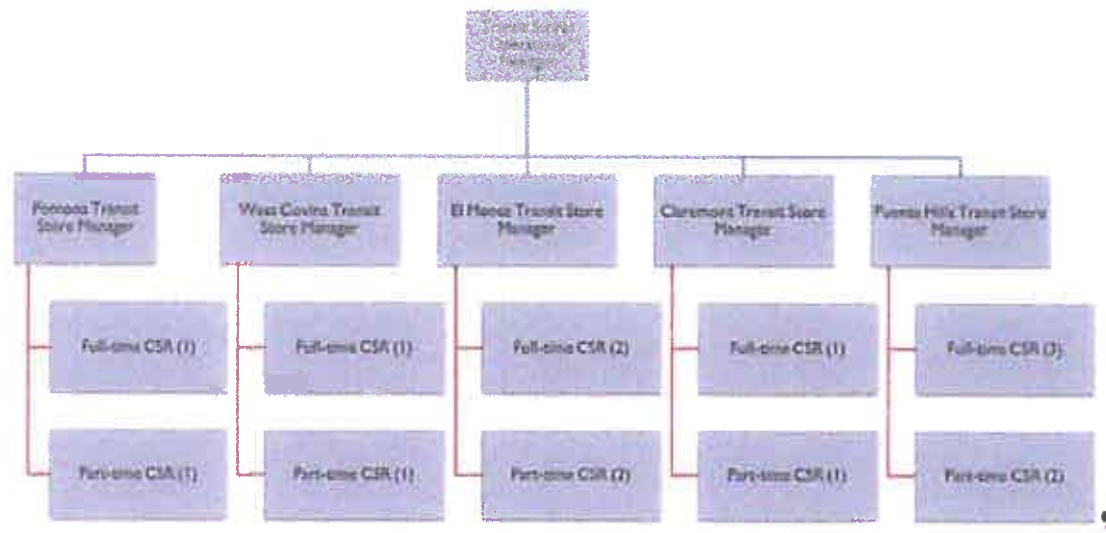
#### **Foothill Transit Stores**

The **Foothill Transit Stores** are one-stop customer service centers designed to meet the needs of the transit riders. The Transit Store staff sells monthly passes, debit fare media, and provides routing information to customers in person or via the 1-800-RIDE-INFO telephone line.



## Organization

The current organizational chart for the Foothill Transit Stores is shown below.



## Functional Responsibilities

The primary responsibilities of each position in the Transit Stores are as follows:

**Transit Stores Operations Manager** – This position is responsible for the overall management and operations of all the Foothill Transit Stores. Duties include managing the daily operations of the transit stores, supervising customer service representatives and site managers, accountable for the training and development of all team members. Other functions include monitoring each facilities budget and sales, developing strategic plans in support of the business plan and fostering teamwork among subordinates.

**Store Manager** – The store manager is responsible for the management the transit store. This includes managing operations by ensuring staffing levels, maintaining stock and reconciling all store reports, training and supervising customer service representatives and implementing policies and procedures and resolving customer issues and all problems that arise.

**Customer Service Representative (CSR)** – The CSR is responsible for store sales which includes Foothill Transit passes, MTA passes and tokens, Metrolink passes and EZ transit passes. They are also the voice of the 800-RIDEINFO line, providing routing, scheduling and general transit information to Foothill Transit's customers. CSR is also responsible for the daily closing and reconciliation of store sales.

**Exhibit B**  
**Functional Personnel Provided by Consultant**  
**Fiscal Year 2013/2014**

**Facilities Operations**

Facilities Supervisor

Facilities Technician (3)

**Transit Stores**

Transit Store Operations Manager

Transit Store Managers (5)

Full-Time Employees (8)

Part-Time Employees (7)